

# **EXHIBIT G**

# Q4:2023 Other Than Temporary Impairment (OTTI)

**OTTI securities of \$1.7B due to forced sale. OTTI charge of ~(\$132M) on \$1.8B FV of securities as of 12/31/22**

## Background

- Silvergate is required to sell securities in Q1 in order to reduce FHLB borrowings and Brokered Certificates of Deposits (BCDs)
- As a result, Silvergate is not expected to recover its unrealized loss over the remaining life of certain investments and therefore must evaluate an OTTI charge
- FHLB requiring the Bank to paydown advances \$1.475B based on new borrowing limit of \$2.9B, 25% of \$11.4B of total assets at 12/31/22.
  - \$260M on 1/6/23
  - \$600M on 1/11/23
  - \$615M on 1/13/23
- The Bank may need to adjust FHLB borrowings beginning 1/31/23, based on changes to total assets
- \$1.0B of BCDs maturities in Q1 2023 that won't be renewed
  - Silvergate has sources of cash on balance sheet, thru securities payments and thru assumed mortgage warehouse run-off to absorb some BCD maturities
- \$1.7B of liquidity is needed from Bond sales and \$956M of liquidity will come from other sources.

<b>Q1 Activity</b>	
1 Required FHLB Adv. Paydown	(1,475,000,000)
2 BCD Maturities - Q1	(1,003,658,000)
<b>3 Uses</b>	<b>(2,478,658,000)</b>
<b>4 FV Bonds Sold</b>	<b>1,705,093,196</b>
5 Remaining Portfolio Proj. P&I	95,295,383
6 FRB/Fintech Buffer (excl. EUR Deposits)	580,244,614
7 Remaining Warehouse	181,000,000
<b>8 Sources</b>	<b>2,561,633,193</b>
<b>9 Net Sources</b>	<b>82,975,193</b>
<b>10 Impairment</b>	<b>(131,557,378)</b>

\$1.7B of sales balances uses of cash (wholesale borrowing paydown) with sources of cash in Q1:2023 while leaving a projected buffer of cash to fintech deposits in Q1:23 (timing will need to be managed)

## Portfolio Considerations

- Assume to maintain <10% of total assets in MBS.
- SBA yields are projected to increase ~125bps in Q1 to ~5.38% and have ~\$65M of Cashflow in Q1 on unsold bonds
- HECM yields projected to increase ~70bps in Q1 to ~4.75% and have ~\$56M of Cashflow in Q1 on unsold bonds
- Fixed MBS yields are 1.16% (negative carry)
- Treasury book yields are 1.37% (negative carry)
- \$87M of CRA bond remain in portfolio, predominately fixed-rate

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## Bond Population

### Proposed Bond Sales in Q1 '23

		Data				
ARC	▼	Sum of BookValue	Sum of FairValue	Sum of ParValue	Sum of UnrealizedGainLoss	Count of Cusip
CMO Fix		129,590,801	112,866,747	292,314,145	(16,724,054)	7
CMO Var		194,020,869	184,451,635	182,867,281	(9,569,234)	10
FHLMC Fix		178,446,496	153,332,686	173,919,778	(25,113,810)	4
FNMA Fix		191,731,765	164,584,871	187,928,593	(27,146,894)	6
GNMA2 Var		592,964,945	573,478,206	553,494,625	(19,486,738)	22
Treas Note		549,895,698	516,379,050	550,000,000	(33,516,648)	4
Grand Total		1,836,650,574	1,705,093,196	1,940,524,422	(131,557,378)	53

### Strategy

- Sell \$947M of fixed-rate securities currently at a negative carry to reduce the future drag on earnings, (\$103M) impairment.
- Sell \$758M of floating-rate HECMs, (\$29M) impairment

### Considerations

- Governance
- Documentation
- Administration of fair value markets to system of record for identified population
- 12/31/22 Fair Value based on IDC pricing (standard pricing source)

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## Bond Population

### Remaining Portfolio After Sale of Impaired Bonds

Remaining								
ARC	▼	Data						
		Sum of BookValue	Sum of FairValue	Sum of ParValue	Sum of UnrealizedGainLoss	12/31 Bk Yield	Proj. Bk Yield	WAL
Agy CMBS Fix		54,354,483	43,592,671	53,000,000	(10,761,812)	1.52	1.52	7.93
CMO Var		828,040,234	784,805,926	777,859,172	(43,234,307)	3.89	4.59	4.52
FHLMC Fix		132,227,928	115,156,011	129,964,278	(17,071,916)	1.45	1.45	5.43
GNMA2 Var		606,625,897	582,157,625	564,456,459	(24,468,273)	4.27	4.97	4.33
SBA Var		2,388,481,450	2,375,788,020	2,114,049,167	(12,693,431)	4.13	5.38	4.64
FNMA Fix		34,819,615	32,527,883	34,889,662	(2,291,732)	3.80	3.80	8.60
Grand Total		4,044,549,607	3,934,028,136	3,674,218,738	(110,521,471)	3.98	4.96	4.67

Remaining portfolio would be \$3.9B (based on 12/31/22 balances)

- SBA - \$2.4B; 100% floating rate, 100% prime based; estimated remaining average life assuming 12CPR of ~4yr; yield of 4.13% at 12/31/22 projected to increase to 5.38% in January.
- HECM - \$1.4B; 100% floating rate, 46% LIBOR/SOFR and 54% 1yr CMT; estimate remaining average life assuming of ~4yr; yield of 4.05% at 12/31/22 projected to increase to 4.75% in January.
- Fixed MBS - \$191M; estimate remaining average life assuming of ~7yr; yield of 1.88% at 12/31/22
- CRA Qualifying Investments - \$87M to yield 2.69%
  - \$43M Fixed Agency CMBS
  - \$42M Fixed Agency MBS
  - \$1.6M Floating SBA

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## Impact to capital (SGB)

### SGB Capital Ratios

#### Estimates for 12/31/2022

Amounts in \$000s

	Projected 12-31-22	Projected with OTTI 12-31-22
1 Common stock	1,341,215	1,341,215
2 Retained earnings	159,410	159,410
3 Current year earnings	(557,226)	(131,557)
4 AOCI	(276,269)	131,557
5 Common equity	667,130	667,130
6 Less AOCI	276,269	Impairment
7 Common equity Tier 1 capital	943,399	(131,557)
8 ALLL	3,176	3,176
9 Total capital	946,575	815,018
10 Total period end assets (US GAAP)	11,321,136	11,321,136
11 Average assets	15,063,085	15,063,085
12 Risk weighted assets	1,552,201	
13 Common equity Tier 1 risk based capital ratio	60.78%	
14 Tier 1 leverage capital ratio	6.26%	5.39%
15 Tier 1 leverage capital ratio using closing assets	8.33%	7.17%
16 TCE/Total Assets	5.89%	5.89%

- Projected capital level of 5.39% on Tier 1 Leverage leaves ~\$58M capital capacity before falling below 5.0% for Q4:2022 due to Q4 average assets ~\$3.8B higher than ending assets
- Q1:2023 Tier 1 Leverage launch point is projected to be ~7.17%;
- Sensitivities to capital to 5% Tier 1 leverage as Q1 launch point:
  - Reduction of capital by ~\$249M
  - Increase in total assets by ~\$5.0B (from \$11.3B at 12/31/22)

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## Consideration

### Knowns

- Have to paydown FHLB \$1.475B to get to 25% of 12/31/22 total assets
- Need liquidity from sell of bonds for ~\$250M of \$1B BCD maturities
- Will be able to term borrowings outside of Q1:23 after 1/18/23

### Unknowns

- What total assets will be at 1/31/23
- Any incremental sales driven by 1/31/23 balance sheet
- Management decision on future wholesale funding
- Deposit may not need to match FRB cash 1:1

### Risk

- Q1:23 earnings
- IDC pricing variances versus actual execution price

# Other Than Temporary Impairment (OTTI)

Portfolio Snapshot as of 12/31/22

	A	B	C	D	D = C-B	F = D-C	G = D-B	E = G/B				
	Category	Par Value	Book Value	IDC FV 12/31/22	Estimated Sales Proceeds	IDC Gain/Loss vs Book Value	Estimated Sales Proceeds vs IDC FV	Estimated Sales Value vs Book Value	IDC Value vs Book Value	Yield (as of 12/31/22)	Projected Yield in 3M	Duration
1	Agy CMBS Fix	53,000,000	54,354,483	43,592,671	43,592,671	(10,761,812)	-	(10,761,812)	-19.80%	1.77%	1.77%	7.3
2	CMO Fix	292,314,145	129,590,801	112,866,747	112,866,747	(16,724,054)	-	(16,724,054)	-12.91%	1.16%	1.16%	3.6
3	CMO Var	960,726,453	1,022,061,103	969,257,562	969,257,562	(52,803,541)	-	(52,803,541)	-5.17%	3.91%	5.13%	0.9
4	FHLMC Fix	303,884,056	310,674,423	268,488,697	268,488,697	(42,185,726)	-	(42,185,726)	-13.58%	1.17%	1.17%	5.1
5	FNMA Fix	222,818,255	226,551,380	197,112,754	197,112,754	(29,438,626)	-	(29,438,626)	-12.99%	1.13%	1.13%	5.4
6	GNMA2 Var	1,117,951,084	1,199,590,842	1,155,635,831	1,155,635,831	(43,955,011)	-	(43,955,011)	-3.66%	4.37%	5.08%	1.5
7	SBA CRE	1,086,368,772	1,228,683,028	1,219,049,299	1,219,049,299	(9,633,729)	-	(9,633,729)	-0.78%	4.28%	5.53%	0.6
8	SBA EQU	1,027,680,396	1,159,798,423	1,156,738,721	1,156,738,721	(3,059,702)	-	(3,059,702)	-0.26%	3.97%	5.22%	0.4
9	<b>Subtotal</b>	<b>5,064,743,160</b>	<b>5,331,304,483</b>	<b>5,122,742,282</b>	<b>5,122,742,282</b>	<b>(208,562,201)</b>	<b>-</b>	<b>(208,562,201)</b>	<b>-3.91%</b>	<b>3.75%</b>	<b>4.70%</b>	<b>1.4</b>
10	Treas Note	550,000,000	549,895,698	516,379,050	516,379,050	(33,516,648)	-	(33,516,648)	-6.10%	1.37%	1.37%	2.1
11	<b>Total</b>	<b>5,614,743,160</b>	<b>5,881,200,181</b>	<b>5,639,121,332</b>	<b>5,639,121,332</b>	<b>(242,078,849)</b>	<b>-</b>	<b>(242,078,849)</b>	<b>-4.12%</b>	<b>3.52%</b>	<b>4.39%</b>	<b>1.5</b>